

the City (\$1.0 million) and general growth in the fund's ending cash balance. The following chart details the growth in the General Fund by expenditure category:

### **Total General Fund Budget**

<b>General Fund - FY04 Adopted versus FY03 Adopted</b>				
	<b>FY04 Adopted Budget</b>	<b>FY03 Adopted Budget</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Cash Carryover	\$ 4,373,304	\$ 3,428,383	\$ 944,921	27.6%
Current Revenues	\$ 24,450,915	\$ 23,105,561	\$ 1,345,354	5.8%
<b>Resources</b>	<b>\$ 28,824,219</b>	<b>\$ 26,533,944</b>	<b>\$ 2,290,275</b>	<b>8.6%</b>
<b><u>Requirements, by Category</u></b>				
Personal Services	\$ 19,988,639	\$ 18,984,443	\$ 1,004,196	5.3%
Materials and Services	\$ 3,923,964	\$ 3,924,703	\$ (739)	---%
Capital Outlay	\$ 92,785	\$ 119,777	\$ (26,992)	-22.5%
Departmental Operating Budget	\$ 24,005,388	\$ 23,028,923	\$ 976,465	4.2%
Non Departmental – Operating	\$ 3,576	\$ 3,576	\$ -	0.0%
<b>Total Current Operating Expenditures</b>	<b>\$ 24,008,964</b>	<b>\$ 23,032,499</b>	<b>\$ 976,465</b>	<b>4.2%</b>
<b>Non Department - Non Operating</b>	<b>\$ 4,815,255</b>	<b>\$ 3,501,445</b>	<b>\$ 1,313,810</b>	<b>37.5%</b>
<b>Total Budget - All Requirements</b>	<b>\$ 28,824,219</b>	<b>\$ 26,533,944</b>	<b>\$ 2,290,275</b>	<b>8.6%</b>

A fair presentation of the General Fund relies on the accuracy and integrity of both the revenue estimates and the expenditure estimates. When funding is shrinking and demands for services are growing, both sides of the General Fund picture require careful review in that either side of the equation will create a fiscal problem for the organization. The current General Fund proposal reflects the organization's combined effort to ensure the number projected in the budget is an amount that is realistic in light of the current economy and/or approximates actual prior year collections, and that revenue opportunities are maximized.

### **General Fund Resources: Current Revenue and Cash Carryover**

A review of the FY01 Actual through FY04 Adopted Budget General Fund resources by major revenue sources is shown in more detail on the following page.

FY04 budgeted cash carryover increased by 27.6% or \$944,921 from FY03 Adopted Budget. As part of the FY04 General Fund Balancing Strategy, the City's Executive Team took accelerated action and implemented expenditure reductions and updated

revenue targets to reflect actual activity which resulted in a contribution of \$359,296 of the \$944,921 total increase to FY04 cash carryover.

<b>Resources</b>	<b>FY04 Adopted Budget</b>	<b>FY03 Adopted Budget</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Cash Carryover	\$ 4,373,304	\$ 3,428,383	\$ 944,921	27.6%
Current Revenues	<u>\$ 24,450,915</u>	<u>\$ 23,105,561</u>	<u>\$ 1,345,354</u>	5.8%
<b>Resources</b>	<b>\$ 28,824,219</b>	<b>\$ 26,533,944</b>	<b>\$ 2,290,275</b>	<b>8.6%</b>

### **General Fund Revenue History, by Major Source of Revenue**

<b>General Fund Revenue – Major Sources FY01 through FY04</b>				
<b>Resources</b>	<b>FY01 Actual</b>	<b>FY02 Actual</b>	<b>FY03 Adopted Budget</b>	<b>FY04 Adopted Budget</b>
Total Taxes *	\$ 10,441,772	\$ 11,312,456	\$ 11,911,419	\$ 12,352,990
Total Licenses and Permits	\$ 2,016,133	\$ 2,740,915	\$ 2,327,562	\$ 2,845,912
Total Intergovernmental	\$ 3,449,625	\$ 3,162,192	\$ 3,096,135	\$ 3,049,599
Total Charges for Service	\$ 1,666,503	\$ 1,666,027	\$ 1,525,505	\$ 1,829,056
Total Fines and Forfeitures	\$ 813,991	\$ 901,205	\$ 905,292	\$ 885,498
Total Use of Money and Property	\$ 526,759	\$ 351,361	\$ 479,569	\$ 447,978
Total Miscellaneous Receipts	\$ 143,833	\$ 46,825	\$ 45,000	\$ 45,000
Total Other Financing Sources:				
Total Indirect Charges	\$ 1,008,333	\$ 1,259,976	\$ 1,302,811	\$ 1,374,148
Total Interfund Transfers	<u>\$ 788,642</u>	<u>\$ 852,443</u>	<u>\$ 1,512,268</u>	<u>\$ 1,620,734</u>
Total Current Revenues	\$ 20,855,591	\$ 22,293,400	\$ 23,105,561	\$ 24,450,915
Total Cash Carryover	<u>\$ 4,032,515</u>	<u>\$ 4,143,046</u>	<u>\$ 3,428,383</u>	<u>\$ 4,373,304</u>
<b>TOTAL RESOURCES</b>	<u><b>\$ 24,888,106</b></u>	<u><b>\$ 26,436,446</b></u>	<u><b>\$ 26,533,944</b></u>	<u><b>\$ 28,824,219</b></u>

(\*) For additional detail information regarding tax revenues, see "FY04 Assessed Valuation: Levy and Tax Information" in the Financial Summaries and Statistics section of this budget document.

A summary of the primary funding sources, listed in percentage ranking order, for the General Fund *current* revenues (\$24,450,915) is as follows:

<b><u>Source</u></b>	<b><u>Percentage of Current Revenues</u></b>
Taxes	50.5%
Intergovernmental	12.5%
Other Financing Sources	12.2%
♦ Indirect Charges =	5.6%
♦ Interfund Transfers =	6.6%
Licenses, Permits and Fees	11.6%
Charges for Service	7.4%
Fines and Forfeitures	3.6%
Use of Money	1.8%

Miscellaneous Receipts

less than one half of one percent

#### **FY04 Performance: Current Revenues Over Current Expenditures**

FY04 represents the second year of a General Fund multi-year financial plan to stabilize the

General Fund budget and to ensure that current operating revenues equal or exceed current operating expenditures (operating expenditures excludes non departmental – non operating costs). This goal is important to the fund's overall health. Any shortage of current revenues over current expenditures means a decline in the fund's reserves.

The FY04 performance is as follows:

<b>Current Revenues</b>	<b>\$ 24,450,915</b>
<b>Current Expenditures</b>	<b>\$ <u>24,008,964</u></b>
<b>Revenues over Operating Costs</b>	<b>\$ <u>441,951</u></b>

The FY04 performance of \$441,951 surplus coverage of current expenditures is a significant improvement over the FY03 performance of \$76,638.

As indicated in the below table the General Fund total resources consisting of cash carryover and current revenues increased by 8.6% over the FY03 Adopted Budget. Approximately 38% of the carryover resources, or \$359,296 carryover funds, was made possible by the City accelerating FY04 budget reductions and cost saving measures to FY03.

#### **General Fund, Total Resources**

##### **Resources**

	<b>FY04 Adopted Budget</b>	<b>FY03 Adopted Budget</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Cash Carryover	\$ 4,373,304	\$ 3,428,383	\$ 944,921	27.6%
Current Revenues	<u>\$ 24,450,915</u>	<u>\$ 23,105,561</u>	<u>\$ 1,345,354</u>	5.8%
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#### **Use of General Fund Revenues**

Current revenues to the General Fund support the following services:

- City Council
- City Administration and Legal services
- Municipal Court and Judicial services
- Basic Police services

Fire First Response, Suppression and Fire Marshal services  
Land Use Planning and Development services  
Building and Structure Maintenance services  
Finance, Information Technology, and Human Resource services

Several strategies were put into place regarding General Fund revenues. The pressure on ensuring the accuracy of current revenues has become even more important as the demand for City services increases in conjunction with population and community development needs.

In looking at all other revenues in the General Fund, projections were reviewed for appropriateness and collection reliability. Ongoing revenues for the General Fund were revised to approximate prior year actual performances. As a result, several individual revenue accounts were reduced. In some cases, increased revenue growth that could be substantiated by either past performance or pending FY03 fee and/or rate increases were increased.

<b>Changes to Existing General Fund Revenues</b>
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**Material Declines in Revenue**

*Material decreases* in General Fund revenues were made in order to ensure that the revenue projections were realistic and that a high confidence exists in the revenue amount being collected. Adjustments were as follows:

<p><b><i>Business Inspection Fee -</i></b></p>	<p>This is a License and Permit revenue. FY04 represents a reduction of \$50,000 estimated revenue.</p> <p>The projection the FY03 Adopted Budget represented an amount for a program that had not been implemented (placed on hold after the budget was prepared in January, 2002). As such, we did not include a projection in the FY04 budget. The General Business License Program has been drafted and is essentially ready to be presented to the community. Until such time the Council directs staff to complete the next step (the legislative aspects of the program) no budget will be projected. Note that no additional work is planned for program implementation proposals without completing the legislative aspects of the program.</p>
<p><b><i>COPS School Resource -</i></b></p>	<p>The FY04 intergovernmental revenue represents a reduction of \$124,564 estimated revenue.</p> <p>FY03 was the last year that the COPS grant will pay any portion of the program costs. For the fiscal years FY04 and FY05, an intergovernmental agreement will maintain the</p>

	program (change in revenue source) whereby costs will be shared via District 19 School Resource Program funding. (Replaced by an estimated \$90,000 new School Resource Revenue.)
<b><i>District 19 Safe Schools -</i></b>	<p>The FY04 intergovernmental revenue represents a reduction of \$122,807 estimated revenue.</p> <p>This revenue is from a grant program that is ending in June, 2003 (FY03) with no plans for continuation. (For more detail, see General Fund expenditures section and/or Police Department Program pages.)</p>
<b><i>District 19 D.A.R.E Support -</i></b>	The FY04 intergovernmental revenue represents a reduction of \$90,000 estimated revenue (from forecasted FY04 amount before elimination of program versus FY03 budget of \$91,308). Through an Intergovernmental Agreement, the City and District 19 shared the cost of this program. The City has eliminated the District 19 revenue as well as the City's portion of the program. (See General Fund expenditures section for more detail and/or Police Department program pages.)

### **Material Increases in Revenue**

*Material increases* in General Fund revenues due to actual activity or pending fee/rate adjustments are as follows:

<b><i>Qwest Franchise Fee -</i></b>	FY04 represents an increase of \$366,088 estimated revenue. FY04 reflects the collection anticipated for Qwest revenues. In light of the risk of the revenue being collected and in order to be conservative with the revenue projections, the FY04 budget reflects the addition of a separate Qwest reserve as the offset for the revenue (See General Fund expenditures text in this section for more detail to the Qwest reserve.)
<b><i>Planning Fees -</i></b>	FY04 represents an increase of \$105,200 or 43% increase from FY03 (\$100,000 of this represents an ongoing increased target plus adjustment of \$5,200). This change in revenue target is to reflect anticipated increased activity (note that the FY03 target of \$244,800 is estimated to be exceeded by \$80,000).

<b><i>Building Fees -</i></b>	FY04 represents an increase of \$77,000 which is a 14.5% increase from FY03. This increase is to approximate and more closely match actual revenue collection (FY02 actual = \$689,646).
<b><i>Building Admin Fee -</i></b>	FY04 represents an increase of \$29,000 over FY03. Fee is charged on each specialty code permit issued. Roughly 63% of the growth is matched with an expenditure budget increase earmarked for equipment enhancements to improve permit and inspection services (Development Services Department).
<b><i>SUB In Lieu of Tax</i></b>	The FY04 revenue represents a \$90,736 increase over FY03 Adopted (\$100,000 increase less \$9,264 adjustment).